

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS  
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Planning and Building	(2) MEETING DATE 7/15/2014	(3) CONTACT/PHONE Dana Lilley, Supervising Planner/(805)781-5715	
(4) SUBJECT Submittal of a resolution approving cooperation agreements (Clerk's File) with the cities of Arroyo Grande, Atascadero, Morro Bay, Paso Robles, Pismo Beach, and San Luis Obispo to continue eligibility for federal funds through the Community Development Block Grant (CDBG), Home Investment Partnerships (HOME), and Emergency Solutions Grant (ESG) programs for the Fiscal Years 2015-16 through 2017-18. All Districts.			
(5) RECOMMENDED ACTION It is recommended that the Board adopt and instruct the chairperson to sign the attached resolution approving cooperation agreements (Clerk's File) with the cities of Arroyo Grande, Atascadero, Morro Bay, Paso Robles, Pismo Beach, and San Luis Obispo to continue eligibility for federal funds through the Community Development Block Grant (CDBG), Home Investment Partnerships (HOME), and Emergency Solutions Grant (ESG) programs for Fiscal Years 2015-16 through 2017-18.			
(6) FUNDING SOURCE(S) CDBG, HOME, ESG	(7) CURRENT YEAR FINANCIAL IMPACT \$2,306,419	(8) ANNUAL FINANCIAL IMPACT \$2,306,419	(9) BUDGETED? Yes (for FY 2014-15)
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ____ ) <input type="checkbox"/> Board Business (Time Est. ____ )			
(11) EXECUTED DOCUMENTS <input checked="" type="checkbox"/> Resolutions <input checked="" type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR)  N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: <input type="checkbox"/> 4/5 Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP  N/A	(15) BUSINESS IMPACT STATEMENT?  No	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A    Date: <u>6/21/2011 (Item C-3)</u>	
(17) ADMINISTRATIVE OFFICE REVIEW Lisa M. Howe			
(18) SUPERVISOR DISTRICT(S) All Districts			

# County of San Luis Obispo



TO: Board of Supervisors

FROM: Planning and Building / Dana Lilley, Supervising Planner

VIA: Wes Drysdale, Administrative Services Manager

DATE: 7/15/2014

SUBJECT: Submittal of a resolution approving cooperation agreements (Clerk's File) with the cities of Arroyo Grande, Atascadero, Morro Bay, Paso Robles, Pismo Beach, and San Luis Obispo to continue eligibility for federal funds through the Community Development Block Grant (CDBG), Home Investment Partnerships (HOME), and Emergency Solutions Grant (ESG) programs for the Fiscal Years 2015-16 through 2017-18. All Districts.

## **RECOMMENDATION**

It is recommended that the Board adopt and instruct the chairperson to sign the attached resolution approving cooperation agreements (Clerk's File) with the cities of Arroyo Grande, Atascadero, Morro Bay, Paso Robles, Pismo Beach, and San Luis Obispo to continue eligibility for federal funds through the Community Development Block Grant (CDBG), Home Investment Partnerships (HOME), and Emergency Solutions Grant (ESG) programs for Fiscal Years 2015-16 through 2017-18.

## **DISCUSSION**

The County and participating cities can continue their eligibility to receive formula based CDBG, HOME and ESG grants from the U.S. Department of Housing and Urban Development (HUD) by approving and submitting cooperation agreements to HUD prior to July 28, 2014. The cities and the County will then qualify collectively as an "urban county" under HUD rules for annual formula based CDBG, HOME and ESG grants. In addition to the standard HUD required language, the proposed cooperation agreements include new provisions recommended by HUD and designed to improve overall compliance with applicable federal regulations. These new provisions include the following:

1. County staff will administer CDBG funds on behalf of the cities as County staff are trained by HUD on how best to comply with federal requirements;
2. Neither the County nor any city will allocate less than \$8,000 for a single public service activity. This is necessary because each CDBG award can cost nearly \$8,000 in staff time to administer in full compliance with federal requirements; and
3. The County will retain 65 percent of administrative CDBG funds previously available to cities to cover increased County costs of administering the cities' CDBG awards. As a result, the County retains 80 percent of all administrative CDBG funds.

In recent years HUD staff has strongly and repeatedly suggested that the County consider making changes to its relationship with the cities for administration of the CDBG program. HUD staff specifically recommended that the County discontinue the practice of allowing cities to administer their shares of CDBG funds since the cities' staffs are not trained in all aspects of CDBG compliance. HUD staff also suggested that, since the administrative burden of the CDBG program is extensive and complex, the County should retain more administrative CDBG funds to cover County staff time ensuring compliance if

the County takes on the additional administrative duties associated with the cities' CDBG projects. Finally, HUD staff recommended against small CDBG awards, referring to an analysis from a major southern California city, which indicated that each CDBG award could cost nearly \$8,000 in staff time to administer properly.

Six of the seven cities within the county have approved the cooperation agreements. One city, Grover Beach, has decided against joining the urban county and instead will seek CDBG, HOME or ESG funds on its own through the State of California on a competitive basis, as it has done during the past three years. The only city which will now join the urban county is Pismo Beach.

The proposed cooperation agreements continue to allow each city to choose eligible activities for awards from its share of CDBG funds. The CDBG shares by jurisdiction also continue to be developed on a calculation based on the relative amounts of population, poverty households, and overcrowded households. This calculation is similar to that used by HUD to determine the overall urban county CDBG award. The table below shows the resulting CDBG shares by jurisdiction and the resulting administrative CDBG funds by jurisdiction based on an assumed total urban county CDBG award of \$1,548,419:

<b>Estimates of Community Development Block Grant Funds by Jurisdiction</b>		
<b>Jurisdiction</b>	<b>Total CDBG Allocation</b>	<b>CDBG Administrative Funds</b>
Arroyo Grande	\$98,266	\$6,879
Atascadero	\$167,311	\$11,712
Morro Bay	\$63,683	\$4,458
Paso Robles	\$184,228	\$12,896
Pismo Beach	\$42,818	\$2,998
San Luis Obispo City	\$352,913	\$24,704
Unincorporated County	\$639,200	\$246,036
<b>Total Urban County</b>	<b>\$1,548,419</b>	<b>\$309,683</b>

Under the existing and proposed cooperation agreements, HOME and ESG funds are administered by the County and are not distributed to cities. However, eligible activities in cities will continue to be candidates for awards of HOME or ESG funds through the County. The amounts of the annual HOME and ESG awards for Fiscal Year 2015-16 are projected at approximately \$650,000 and \$108,000, respectively, although the actual amounts will not be known until spring 2015.

#### **OTHER AGENCY INVOLVEMENT/IMPACT**

County staff consulted with the participating cities in the development of the proposed cooperation agreements. All six cities wishing to join the urban county have approved the cooperation agreements. County Counsel reviewed and approved the attached resolution and agreements as to form and legal effect.

#### **FINANCIAL CONSIDERATIONS**

The HOME and ESG programs provide funding to cover most of the staff costs for administering the programs. With the new CDBG formula in the cooperation agreement, the CDBG program is expected to provide sufficient administrative funds to nearly cover County costs of administering the cities' CDBG funds. A shortfall in CDBG funds for County administrative costs in the amount of approximately \$29,000 is expected to remain.

## **RESULTS**

The purpose of this request is to facilitate continued availability of CDBG, HOME, and ESG funds to benefit county residents through eligible public facilities, public services, affordable housing, and homeless services activities consistent with the County-wide goals of a safe, healthy, livable and prosperous community.

## **ATTACHMENTS**

- Attachment 1: Resolution approving cooperation agreements
- Attachment 2: Cooperation Agreement with City of Arroyo Grande (Clerk's File)
- Attachment 3: Cooperation Agreement with City of Atascadero (Clerk's File)
- Attachment 4: Cooperation Agreement with City of Morro Bay (Clerk's File)
- Attachment 5: Cooperation Agreement with City of Paso Robles (Clerk's File)
- Attachment 6: Cooperation Agreement with City of Pismo Beach (Clerk's File)
- Attachment 7: Cooperation Agreement with City of SLO (Clerk's File)